

A GENERAL OVERVIEW Michigan's Workers' Compensation System

Michigan's workers' compensation system is a well-designed, legislatively-crafted balance between the need to protect and provide for compensation and rehabilitation for injured workers, and the desire to protect businesses from lengthy and expensive litigation. Michigan's Workers' Compensation Agency (WCA) is responsible for the administration of the Workers' Disability Compensation Act. While it has its challenges, both industry and labor agree that it is a vital and valuable system. In fact, Michigan's workers' compensation statute will celebrate its 100th anniversary in 2012.

Our workers' compensation system is truly no-fault; if a worker is injured on the job, his medical and other costs are compensated without assessment of fault, and without civil court litigation.

Almost every employer in Michigan is required to have workers' compensation insurance coverage. An employee who is injured can bring a claim against that coverage. Many claims are handled administratively, but each year the WCA processes thousands of hearings and mediations over disputed claims. The disputed claims are handled by a group of magistrates and appellate commissioners who are gubernatorial-appointed experts in the field of workers' compensation.

The WCA also oversees the companies and organizations that actually provide workers' compensation insurance, maintains records of employers that have workers' compensation coverage, and pursues those employers that are not in compliance with the law.

FACTS - 2009

Processed over 460,000 individual pieces of mail to microfiche

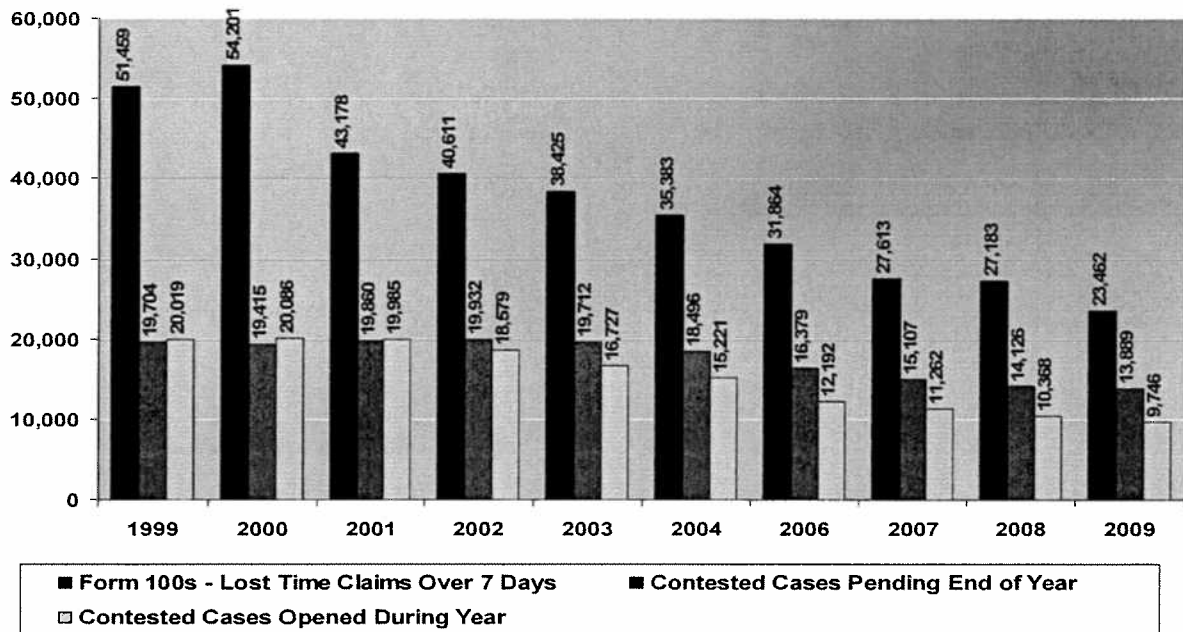
Maintained records on over 235,000 employers

Performed data entry on over 140,000 forms

Received and responded to over 25,000 phone calls on our toll-free information line

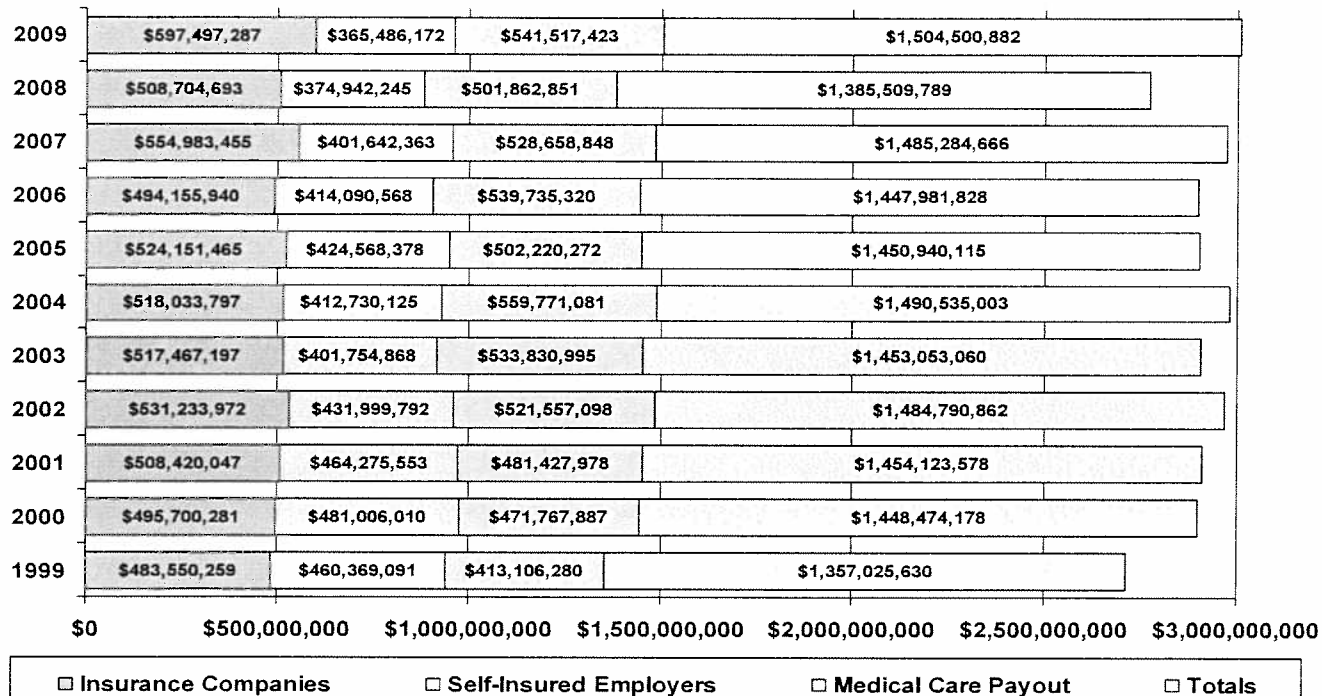
Processed more than 20,000 applications for hearing or mediation

Claim/Case Trends

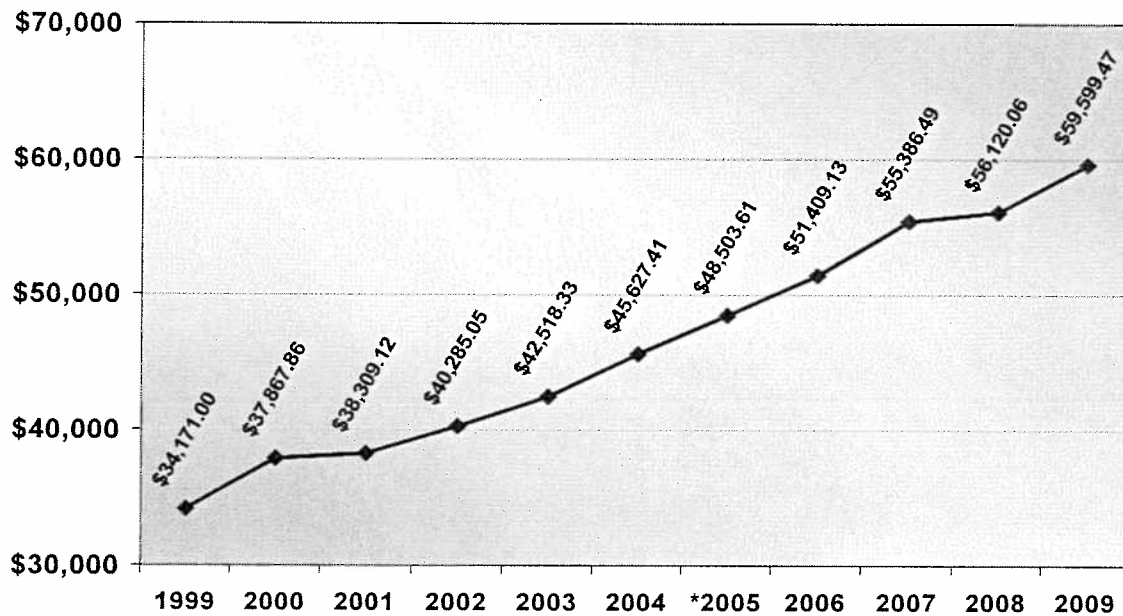


NOTE: 2005 figures not available due to system "crash."

Payout in Workers' Compensation Benefits and Medical Care

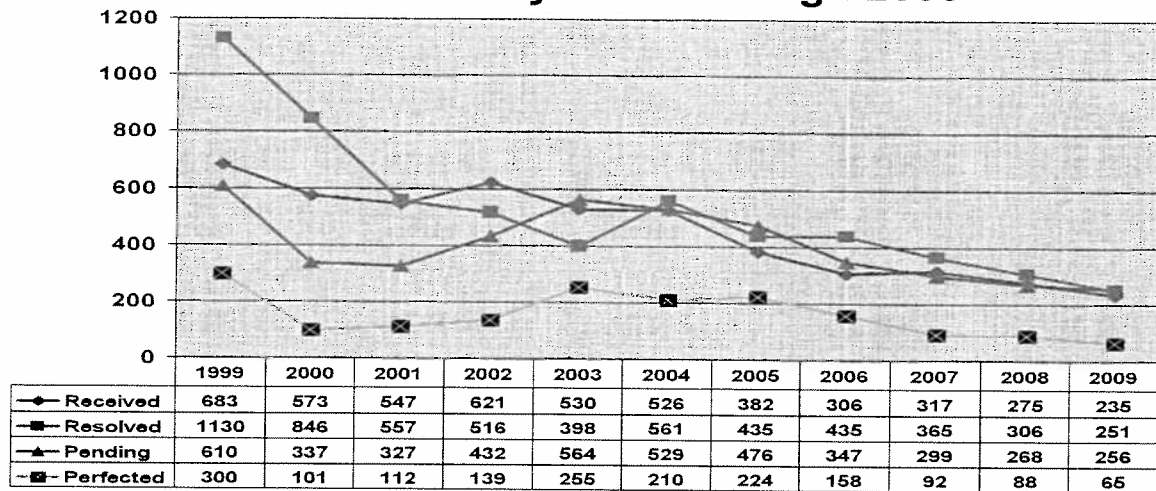


Average Redemption Amounts



* 2005 statistics are based on a manual count corresponding to the order mailed date and may be subject to revision. The numbers should not be compared to our system-generated reports from previous and/or future years because those are based on file received dates rather than mailed dates.

Workers' Compensation Appellate Commission Claim Activity: 1999 through 2009



Received: Includes all new claims filed with the Commission as well as reinstatements and remands from the Michigan Court of Appeals and the Michigan Supreme Court.

Resolved: Includes all dispositive opinions, orders, redemptions and withdrawals.

Pending: This figure includes all pending appeals before the Commission at the end of December 2009, including active appeals (claims received prior to 2009 and new claims received in 2009), higher court reinstatements, remanded cases where the Commission retained jurisdiction.

Perfected: All cases ready for review pending before the Commission (all required transcripts and briefs have been filed) awaiting disposition.

CHALLENGES

1. Delphi Bankruptcy
2. Updating or replacement of "antique" computer systems, some dating back over 20 years
3. Demographics of Agency staff with over 50% of remaining staff eligible for retirement within the year
4. Continuing impact of Medicare seeking reimbursement for past medical treatment and protection from future liability
5. Performance issues regarding magistrates and getting cases resolved in a timely manner
6. Updating the Act - does a 1912 statute reflect 2012?
7. Impact of the elimination of the Appellate Commission